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CONDITIONS
IN THE WOMEN'S GARMENT INDUSTRY

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ECONOMIC BACKGROUND

Reflecting an ongoing slowdown in the U.S. economy, advance estimates of real Gross National Product, the nation's output of goods and services corrected for price increases, rose 2.1 percent on an annual basis in the first 1990 quarter. The estimates, released last week by the Department of Commerce, are based on incomplete data and are subject to two revisions over the next two months.

The advance or "flash" estimates were above the 1.1 percent growth in the fourth 1989 quarter. Compared to the year ago quarter, however, growth in the first three months of 1990 was half that in the first 1989 quarter. In the last three months of 1989, growth was also half that in the last 1988 quarter.

Gains in real personal consumption expenditures, the key component of GNP, represented more than 75 percent of the GNP increase in the first 1990 quarter, followed very modest growth in the fourth 1989 quarter. Durable goods provided all of the increase, while the decline in non-durable purchases was about equal to the increase in service outlays.

Auto Prices Down

The most important contributor to the rise in durable purchases was motor vehicles, which provided the overwhelming share of first quarter increases in GNP and consumption. Reversing the 1989 fourth quarter decline, in which motor vehicles accounted for the total drop in durables, automotive outlays in the first 1990 quarter accounted for two-thirds of the increase.

The huge increase in motor vehicle buying in the first quarter of 1990 reflected sharp reductions in prices as a result of the rebate programs of manufacturers. While such programs helped to keep inventories under better control, their effect was also to substantially reduce profits.

Investment Declines

Gross private domestic investment dropped $6.4 billion in the first quarter, slightly less than the $7.3 billion decline in the last quarter of 1989. At an annual rate of $710.9 billion, investment was roughly at the level of the last 1988 quarter. Most significant, however, was the sharp decline in the rate of inventory accumulation, which was down almost 90 percent over the last 1989 quarter. This reflected in part the sell-off of inventories at distressed prices as fears of an economic downturn increased and in part an effort to control inventories.

The sharpest decline in inventories occurred in the retail sector, with the fall in automotive inventories accounting for almost all of it. Manufacturing inventories, especially in durable goods, showed sharp rises, reflecting a slowing in retail purchases and suggesting further sluggishness in the economy.

The non-residential and residential components of fixed investment went up in the first quarter of 1990, the former higher than the latter. Total outlays on non-residential buildings and equipment rose $9.4 billion in the first quarter, in contrast to a $7.1 billion drop in the prior quarter. Non-residential structures were up, after a decline in the last 1989 quarter, but by a relatively modest $1.5 billion. Equipment outlays were up a sharp $7.8 billion after declining $7.0 billion in the prior quarter.

Computer Investment Up

Underlining the trend in recent years, almost all of the increase in non-residential investment was in information processing equipment and virtually none in manufacturing. This may reflect continuing high manufacturing inventory levels, as well as the declining role of manufacturing in the U. S. economy. Renewal and expansion of industrial equipment remains a crucial element in increasing competitiveness and the key to dealing with the merchandise trade deficit.

Durable fixed investment in transportation and related equipment rose in the first three months, but was still considerably below the levels reached in recent quarters. Residential investment was also up in the first quarter in single family structures, which, however, are far below recent historic levels. Multifamily dwelling outlays declined again and remain about 25 percent below levels in recent years.

Trade Deficit Declines

Reflecting a further drop in the trade imbalance, exports of goods and services rose modestly in the first three months. The total increase came from merchandise exports as services showed important declines. Imports dropped more sharply, with merchandise imports showing the greatest decline, as service imports remained flat. Petroleum imports were at their highest level in the quarter.

Government purchases of goods and services went up 0.7 percent in the first quarter, with both federal and state and local governments showing about the same rate of increase. Military outlays were flat, while those for non-military purposes were up modestly.

Real retail sales went up 0.6 percent in the first quarter after declining 1.3 percent in the last three months of 1989. Durable goods sales rose 2.5 percent, following a 3.7 decline in the last quarter. The level of durable goods sales was still below that of the third quarter of 1989. Sales of non-durables goods were relatively flat, falling 0.5 percent in the first quarter of 1990 after rising 0.3 percent in the last 1989 quarter.

Industrial Output Flat

Industrial production went down slightly in the first quarter and has remained essentially flat over the past three quarters. In the first three months of 1990, manufacturing output regained a slight loss sustained in the fourth quarter, but over the prior year first quarter growth declined still further.

Non-agricultural civilian employment inched up in the last 1989 and the first 1990 quarter, although year-to-year increases showed signs of moderation. Job growth has clearly begun to slow down, with jobs in the goods-producing sector hit the hardest. The civilian unemployment rate has remained flat at around 5.3 percent over the last number of quarters.

Prices Rise

The Consumer Price Index went up 1.0 percent in the last three months of 1989 and rose 1.7 percent in the first 1990 quarter, the most rapid rate of growth in a long while. The Producer Price Index also rose 1.2 percent and 2.0 percent respectively in the two quarters, suggesting that further price increases in the CPI are in the offing.

Long-term interest rates have also risen over the past four months at a steeper rate than generally anticipated. Higher long-term interest rates usually affect the economy in such credit-sensitive areas as housing, automobile purchasing and manufacturing, all of which have shown signs of softness.

RETAIL SALES

After having been the driving force in the economy in the mid-1980's, the weaknesses that developed in retail sales in the latter years of the last decade appears to have continued into 1990, judging from early developments this year. The effects of overextended consumer debt and inadequate income growth, coupled with the internal turmoil in retailing itself, are being increasingly felt at the nation's cash registers.

The softness began emerging in 1987 when overall retail volume in real terms, i.e., after the effect of higher prices is taken out, rose only 3.3 percent. It continued in 1988 when real sales were up but 3.6 percent. By 1989, retailing witnessed the poorest non-recession year of the decade.

An increase in total sales of 5.1 percent in 1989 was all but eroded by higher prices and the real gain in sales for the year was only 0.9 percent. Even this poor showing would have been worse had it not been for a slight pick-up in activity in late summer that helped offset declines late in the year in a disappointing Christmas season.

Real gains largely eluded both the durable and non-durable sectors last year. Durable goods stores experienced a gain of only 2.9 percent in actual sales and a real gain of 1.2 percent. The market for large-ticket durables was particularly weak in the final quarter of the year when both actual and real sales declined. In nondurables, there was a gain of 6.4 percent last year, but the price rise of 5.7 percent left a real improvement of only 0.6 percent.

1990 Sales Weak

Economic uncertainty, concern over a return to an inflationary spiral and higher interest rates continued to hamper retail sales in early 1990. In the first three months of 1990, total retail volume was ahead of the same 1989 months by 5.5 percent, but the real gain was only 0.9 percent as prices continued to move up.

Retail Sales of Women's and Children's Wear by Type of Outlet*

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1980	$48,287	$20,409	$16,273	$5,007	$6,598
1981	53,746	23,188	17,764	5,745	7,049
1982	59,160	24,477	20,884	6,504	7,295
1983	62,262	27,350	20,492	7,324	7,094
1984	68,156	30,278	22,291	7,829	7,759
1985	73,053	31,702	24,528	8,488	8,335
1986	78,473	33,559	26,827	9,206	8,881
1987	82,820	35,704	27,397	10,223	9,496
1988	87,650	37,655	28,850	11,250	9,895
1989	93,147	39,645	30,390	12,201	10,911
Jan-Feb'89	10,802	4,372	3,862	1,303	1,265
Jan-Feb'90	11,372	4,700	3,901	1,445	1,326

* Data include millinery, furs, hosiery, gloves and other accessories.
SOURCE: ILGWU Research Department (benchmarked to Census of Business).

Durables moved ahead a modest 4.0 percent through March compared to last year. Price cutting and rebate programs kept prices in line and there was a real gain of 2.7 percent. Nondurables fared far worse. A 6.5 percent advance in sales was more than offset by a price rise of 6.7 percent, leaving real volume 0.2 percent short of the same quarter last year. Higher prices for fuel and food among other nondurables ate away any chance for a real advance.

Internal turmoil continues to plague the retail scene. While the merger and buy-out mania of the past few years has subsided somewhat, its effects are still being felt. New owners are having difficulty making payments on the loans they relied on to finance their acquisitions. The result has been store closings, bankruptcy proceedings and efforts to raise cash by disposing of viable outlets. All of this has proven disquieting to consumers and harmful to suppliers.

Retailers of women's and children's apparel have also experienced difficulties over the past few years. Real retail sales of feminine apparel declined 0.2 percent in 1987 and rose a scant 1.6 percent in 1988. In addition to the general economic factors affecting retailing at large, sales of women's wear suffered as consumers were turned off by a wave of fashion sameness.

The demand for feminine apparel began to revive in late 1988 and continued through all of 1989. For 1989 as a whole, retail sales of women's and children's wear were ahead 6.3 percent. Prices were kept in check in an effort to keep inventories lean and rose only 1.0 percent. As a result, real sales rose 5.0 percent.

From time to time, the media has highlighted the price increases on apparel at the start of the new season and blamed apparel for general inflationary trends. In so doing, they ignore history. Invariably, retail apparel prices jump at the start of the spring and fall seasons but drop back once the season is under way and markdowns begin. Regrettably, the downward movements are not nearly as newsworthy and tend to be ignored. On the average, apparel price increases have been less than in other sectors over the long run.

Detailed statistics on sales of women's and children's wear are only available at this point for the first two months of 1990. As such, they do not really reflect

the key Easter shopping period. Through February, sales of women's and children's wear were ahead of last year by 5.3 percent with a real gain of 2.4 percent after price changes are taken into account. While these gains surpass those elsewhere in retailing, they show few signs of real strength.

Individual store reports and market comments suggest that sales of women's and children's wear remained sluggish in March, a not unexpected development in light of this year's late Easter. April data are expected to show somewhat more favorable results. In contrast to prior years, a wider variety of fashions are available this Spring to meet consumer tastes. There is no hemline controversy to deter shoppers and the continued demand for apparel by working women adds another positive note. These developments may help counterbalance some of the negative factors.

DOMESTIC PRODUCTION

Little of the reviving retail activity in women's and children's wear was passed on to the firms operating domestic garment plants and their workers. Retailers simply resumed their purchases of imported merchandise and domestic production largely continued to decline.

Data on domestic production of apparel has been one of the victims of the budget cutting by the Reagan and Bush administrations. The monthly production report previously issued by the Bureau of the Census has been replaced by a quarterly report which is issued about four months after the end of the quarter and therefore is always a season behind. Detail has been curtailed and will be even more so when the Annual Apparel Survey is terminated next year. Production data no longer conform to traditional markets, with information on girl's clothing in sizes 7 - 14 merged with women's wear.

At least as important as the timing of the data and its detail is the quality of the data. Here, too, the budget crunch is undermining the information on which many decisions -- government and private -- must be based.

Two Census Programs

The Census Bureau conducts two programs yielding data on production -- the Census of Manufactures and the Current Industrial Reports. The Census of Manufactures is conducted every five years and is supposed to be the more complete survey.

Increasingly, however, Census has been collecting detailed data only for large companies and relying on data drawn from the records of other federal agencies -- the Internal Revenue Service, for example -- for small firms. There are signs that this approach may be leading to estimating and other errors.

The quarterly and annual apparel production reports are produced by the Census Bureau under the Current Industrial Reports program. Though data should be fairly similar to that of the Census of Manufactures at matching levels of detail, the data for 1987 have shown wide variation. The Bureau is now reviewing the data and trying to better reconcile the two surveys before the final Census of Manufactures reports are released.

In addition, the 1988 Apparel Survey announced that large shares of domestic production in 1988 came from 600 previously unknown producers discovered by the Census of Manufactures. Census was not able to get comparable data for years prior to 1988 and does not know when these new businesses began operating. As a result, the 1988 production data are not comparable to that for 1987 or other years since the 1982 Census of Manufactures.

Apart from the technical difficulties mentioned above, there are also conceptual problems with the production data. Respondents to Census surveys are asked to include as part of domestic production garments cut in the United States but assembled abroad, even though 95 percent of the labor to make the garment takes place outside of the United States. The inclusion of these foreign-assembled garments leads to an overstatement of actual production activity in the United States.

Years ago, when foreign assembly was less important, the overstatement could be safely ignored. With the huge growth of "outward processing" in recent years, this is no longer a reasonable approach. For example, nearly 60 percent of U.S. brassiere "production" reported by Census as domestic domestic output consists of garments assembled abroad. Significant errors also prevail in the case of pants, shirts, blouses and dresses.

Notwithstanding the errors mentioned above, these data on production are the only ones available. Such

Production of Selected Women's and Children's Garments
(in millions of units)

	1987	1988	1989
Women's and Girls' Garments			
Coats and jackets, except suit type	26.6	25.5	18.1
Down and feather filled coats*	1.2	1.4	N.A.
Suits and pantsuits	8.0	9.1	8.9
Separate suit-type jackets	22.4	25.8	23.3
Dresses	242.6	223.5	199.8
Skirts and divided skirts	141.2	127.3	109.4
Slacks, jeans & sweatpants	405.9	370.3	378.4
Shorts	74.3	88.3	89.5
Sweaters	99.2	87.4	68.2
Woven blouses and shirts	316.1	252.5	224.5
Knit T-shirts and tanktops	102.6	95.3	93.4
Other knit shirts	205.9	194.2	183.1
Swimwear	50.8	63.9	75.8
Warmup and jogging suits	42.8	37.9	42.0
Playsuits*	35.5	35.3	38.1
Coverall, overalls, jumpsuits*	28.4	32.6	38.5
Foundation garments	240.8	291.3	265.8
Nightwear	232.6	223.7	190.7
Underwear*	1665.8	1823.9	1769.9
Robes and dressing gowns*	40.1	37.7	41.0
Infants' Wear			
Shirts, pants, creepers, coats, rompers, playclothing	92.4	81.1	79.0
Underwear and nightwear	107.5	114.9	135.2

*Includes men's and boys' garments
N.A. Not available
SOURCE: U.S. Bureau of the Census (data benchmarked to 1982 Census of Manufactures).

data are used in government and private sector decision making. While the published data are open to question, particularly in regard to their level, they probably give a fair indication of production trends.

As can be seen from the accompanying table, production has been generally trending downward in the last two years. Of the 21 products for which data are currently available, only 9 showed advances in 1988 and only 8 moved ahead in 1989. The majority of the products declined. To help minimize the comparability problem, the 1987 data were arbitrarily adjusted to reflect a part of the 1988 undercount.

Census data for the first quarter of 1990 will not be out for some months, but the signs are that apparel activity continued to decline. The Index of Industrial Production for apparel compiled by the Federal Reserve Board declined 1.8 percent between the first quarter of 1989 and the same months of 1990. This weakness reflects both the continued retail malaise and the ever growing role of imported apparel.

Imports of Selected Women's and Children's Garments
(in thousands of units)

Product	Fiber	Year 1985	Year 1986	Year 1987	Year 1988	Year 1989	Jan-Feb 1989	Jan-Feb 1990
Coats, jackets, raincoats	Cotton	24,827	28,635	32,018	25,283	22,887	4,526	4,327
	Wool	N.C.	N.C.	5,850	5,292	4,967	148	156
	Synthetic	N.C.	N.C.	52,020	55,732	48,061	6,991	9,287
	Other	N.A.	N.A.	2,772	2,706	2,787	1,456	1,003
	Total	**N.C.**	**N.C.**	**93,460**	**89,013**	**78,701**	**13,121**	**14,773**
Suits	Wool	N.C.	N.C.	580	452	689	29	27
	Synthetic	N.C.	N.C.	2,757	2,923	3,810	549	959
	Other	N.A.	N.A.	511	930	704	285	532
	Total	**N.C.**	**N.C.**	**3,848**	**4,305**	**5,203**	**863**	**1,517**
Dresses	Cotton	17,725	20,889	25,324	28,007	29,509	7,176	9,088
	Wool	1,730	2,326	1,607	1,396	1,667	67	47
	Synthetic	30,468	37,133	37,370	37,905	40,791	8,897	9,194
	Other	N.A.	N.A.	2,085	1,960	4,264	838	938
	Total	**49,923**	**60,348**	**66,386**	**69,268**	**76,232**	**16,978**	**19,270**
Blouses	Cotton	136,510	160,071	164,222	134,801	138,119	32,160	31,175
	Wool	3,140	3,075	2,593	2,315	1,303	65	58
	Synthetic	112,478	137,464	108,246	111,390	121,175	24,745	25,494
	Other	N.A.	N.A.	10,709	11,388	10,911	4,424	3,593
	Total	**252,128**	**300,611**	**285,770**	**259,895**	**271,508**	**61,394**	**60,319**
Knit shirts	Cotton	113,419	162,825	200,883	214,884	241,704	44,421	59,562
	Wool*	8,845	10,087	8,838	9,141	7,264	451	202
	Synthetic	206,777	244,681	240,392	195,354	275,874	54,037	53,275
	Other	N.A.	N.A.	1,421	3,107	2,218	289	481
	Total	**329,041**	**417,593**	**451,534**	**422,486**	**527,060**	**99,199**	**113,520**
Sweaters*	Cotton	20,715	24,324	25,538	24,392	26,466	4,582	4,080
	Wool	44,472	41,653	38,219	34,820	29,572	1,064	1,194
	Synthetic	146,001	149,623	145,475	127,110	138,108	11,015	7,327
	Silk	19,949	9,289	15,067	10,127	6,119	653	149
	Other	95,000	127,289	107,362	67,107	107,004	18,673	8,911
	Total	**326,137**	**352,171**	**331,661**	**263,556**	**307,253**	**35,987**	**21,661**
Skirts	Cotton	27,236	38,450	63,053	50,841	40,024	8,254	9,786
	Wool	N.C.	N.C.	6,713	5,157	4,618	146	115
	Synthetic	N.C.	N.C.	40,084	35,695	35,988	6,563	6,640
	Other	432	4,751	7,341	5,124	4,955	2,347	1,727
	Total	**N.C.**	**N.C.**	**117,195**	**96,816**	**85,595**	**17,310**	**18,268**
Slacks & Shorts	Cotton	156,871	182,205	189,093	204,627	247,635	45,076	54,174
	Wool	N.C.	N.C.	3,586	4,066	3,836	172	149
	Synthetic	N.C.	N.C.	134,810	132,350	157,927	34,054	40,187
	Other	N.A.	N.A.	24,963	22,335	36,656	11,789	11,226
	Total	**N.C.**	**N.C.**	**352,452**	**363,379**	**446,054**	**91,090**	**105,736**
Playsuits*	**Total**	**52,446**	**69,334**	**58,706**	**52,276**	**45,799**	**11,994**	**17,634**
Dressing gowns & robes*	Cotton	8,116	9,389	9,383	9,805	12,605	1,763	2,131
	Synthetic	3,694	5,630	6,725	8,544	12,214	1,604	1,463
	Total**	**11,810**	**15,018**	**16,245**	**18,432**	**24,853**	**3,383**	**3,602**
Nightwear & Pajamas*	Cotton	31,598	34,815	33,885	36,502	46,459	5,136	7,733
	Synthetic	21,047	27,820	30,432	32,740	40,870	5,076	6,276
	Total**	**52,645**	**62,635**	**64,427**	**69,312**	**87,357**	**10,235**	**14,010**
Underwear*	Cotton	125,606	137,350	164,462	209,589	275,915	37,853	54,511
	Synthetic	106,917	134,828	139,886	157,636	174,686	28,511	32,268
	Total**	**232,523**	**272,178**	**305,120**	**367,852**	**450,724**	**66,395**	**86,789**
Brassieres & girdles	**Total**	**185,418**	**179,558**	**196,194**	**218,286**	**219,759**	**31,757**	**32,309**

* Includes male garments ** Includes other fibers N.A. Not available
N.C. Not comparable with data beginning 1987 because of classification changes stemming from the Harmonized System
Source: U.S. Bureau of the Census (General Imports)

IMPORTS

Throughout 1989, apparel retailers were restocking in the wake of the revival in spending on feminine apparel. This led to a three-pronged boost to apparel imports -- by stores directly placing orders abroad, by orders placed with importers and by manufacturing firms in the U.S. who were trying to compete by doing their own importing. Apparel imports in 1989 reached an all time high, 14.3 percent above 1988 shipments. Non-apparel textile imports increased 11.1 percent in the same period. (Measurements are in equivalent square meters of fabric used in manufacture of the imported apparel.)

Wool apparel was the only fiber type to decline in 1989, falling by 12.8 percent. Cotton apparel imports gained 13.2 percent while those of man-made fiber advanced 13.7 percent. Garments made of linen, ramie and silk blends soared by 40.9 percent.

With the help of a 27.3 percent gain in 1989, China became the leading exporter of apparel to the United States, supplanting Taiwan and Hong Kong. The four leading Far Eastern shippers -- Korea is the fourth -- had a less than average 11.3 percent gain and lost market share. They accounted for exactly half of U.S. apparel imports in 1989 (measured in square meters).

Significant increases in 1989 apparel shipments also took place in a number of smaller Far Eastern countries. Imports from Indonesia rose 33.2 percent, those from Malaysia were up 24.8 percent and Thailand shipments zoomed 67.9 percent.

Strong CBI Growth

The Caribbean area gained 23.5 percent in 1989 as more and more producers sought to take advantage of the essentially quota free treatment accorded so-called 807A shipments -- garments made of fabric formed and cut in the U.S. -- as well as the exemption of the U.S. component of such garments from duty.

Not all apparel exporting countries chalked up higher shipments of apparel to the U.S. in 1989. Imports from Japan, now a minor player in the U.S. apparel market, were off 23.7 percent while shipments from the European Community were down 5.2 percent.

Recent Import Growth

Apparel import growth continued into 1990. Total shipments increased 13.7 percent in January and 3.3 percent in February as against a year back. For the two months combined, the gain was 8.7 percent. Unlike 1989, when the value of apparel imports advanced roughly in line with the increase in quantity, value in the first two months of 1990 was ahead by 17.6 percent, more than double the quantity gain. The slowing of the import flow in February is a temporary reflection of the continuing problems in the retail sector rather than any basic improvement in the rate of import penetration.

Imports of specific categories of women's and children's apparel showed strong upward movements in 1989 and early 1990. Of the 13 items for which separate data are available, 10 showed increases in 1989 and 11 advanced in 1990. Only coats, skirts and playgarments declined in 1989 and only sweaters and woven shirts and blouses were off in the first two months of 1990 compared to a year back.

With every passing month, our industry faces ever growing peril from soaring imports. The U.S. government continues to ignore the problem; indeed, it works to exacerbate matters by using apparel imports as a bargaining chip in trade negotiations.

The latest auction block for our industry is the ongoing negotiations in the so-called Uruguay Round. A separate Commentary at the end of this report contains a detailed description of the Round and its significance to the future of our industry as well as information on current legislative proposals to moderate apparel and textile imports.

Strong efforts are also being made in Washington to liberalize trade with the Caribbean countries. Legislation last year providing for duty free entry of 807A garments -- those made of U.S. formed and cut fabric proposal -- as well as 50% duty cuts on CBI garments made of foreign origin fabric was dropped at the last minute. The matter came up again this year. The Senate was persuaded to omit the garment liberalization provisions, but the House version, still to be acted on, contains the offensive provisions which would further threaten American jobs.

Part of the difficulty in dealing with apparel import legislation is the fact that an ever increasing number of U.S. garment producers have turned in part to sourcing work abroad to enhance profits. These one-time U.S. manufacturers now have a vested interest in supporting liberalization of apparel imports. There is, of course, a fundamental policy choice to be made.

Employment, Manhours and Payrolls, Women's and Children's Garment Industry

Average Employment of Production Workers

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,100	105,600	51,300	54,100	51,000	124,200	12,200	58,100	24,700
1984	42,400	96,600	50,000	57,000	53,900	134,400	12,300	58,300	23,300
1985	36,600	78,800	44,100	55,700	50,800	142,400	11,200	53,400	20,700
1986	34,500	72,100	40,700	60,900	51,500	148,200	10,800	53,100	20,500
1987	32,300	68,400	38,800	64,100	50,200	154,500	9,600	50,400	22,000
1988	30,400	64,300	36,600	62,900	49,200	155,100	9,600	49,400	22,200
1989	31,500	62,000	34,800	62,400	48,300	152,500	9,500	48,000	21,200
Jan-Feb'89	29,200	64,200	36,000	60,900	47,900	155,600	9,600	48,600	21,500
Jan-Feb'90	28,100	59,800	32,500	58,600	49,100	148,800	9,100	45,800	20,400

Manhours of Production Workers (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	80.1	173.1	88.9	100.6	91.4	222.4	21.8	106.4	46.3
1984	72.7	160.1	86.8	106.5	98.7	241.1	22.7	107.6	43.6
1985	62.7	133.2	76.8	105.1	93.0	255.0	20.2	98.3	38.0
1986	60.1	123.0	71.9	116.9	95.7	263.1	19.0	99.3	40.4
1987	57.0	120.7	69.5	126.0	93.8	277.4	17.1	95.8	44.0
1988	54.8	114.0	65.8	124.3	91.5	278.5	17.2	94.3	43.3
1989	56.6	107.7	61.9	123.0	89.4	271.4	16.9	91.2	42.2
Jan-Feb'89	8.2	18.3	10.3	18.2	14.1	43.9	2.7	14.6	6.8
Jan-Feb'90	8.2	16.6	9.3	17.8	14.8	43.2	2.6	13.8	6.3

Payrolls of Production Workers (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	476.7	953.7	436.1	555.4	438.5	1,129.6	115.1	511.4	246.6
1984	448.8	912.1	439.2	615.9	488.8	1,261.0	126.4	535.4	241.8
1985	404.0	772.4	394.3	636.8	471.2	1,361.5	118.6	508.6	217.0
1986	388.1	720.0	366.0	742.7	494.1	1,428.8	117.3	518.6	238.2
1987	370.3	729.3	350.9	820.1	495.1	1,537.6	110.7	511.2	270.1
1988	358.3	710.2	337.5	795.1	500.0	1,611.9	112.9	521.3	280.0
1989	367.5	704.6	328.8	819.9	507.5	1,636.0	113.5	527.5	291.3
Jan-Feb'89	52.6	117.6	54.1	118.9	79.5	264.9	18.0	83.5	45.6
Jan-Feb'90	56.1	107.4	50.9	126.8	86.4	262.6	18.1	82.0	46.4

* Men's and women's garments

Source: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

EMPLOYMENT, HOURS, PAYROLLS

The first months of the nineties witnessed an acceleration in the rate of decline of production worker employment in the women's and children's apparel industry, according to data released by the Bureau of Labor Statistics. Whereas employment in our industry fell in each of the last two years by a little over 2 percent, during January and February of this year it plummetted 4.5 percent compared with the same period in 1989.

Detailed data for March are not available as this report is being written. Preliminary March data for the entire apparel industry -- excluding knitting mills, but including plants making non-apparel items such as house furnishings and automobile upholstery -- registered a 4.3 percent decrease in March in comparison with the same month a year ago.

The magnitude of the decline in women's and children's wear employment in March was probably even greater than 4.3 percent. The non-apparel components of the overall figure have shown steady growth for several years and have moderated the decline in this series.

This sharp decline in employment as the new decade begins reflects the debilitating impact of the rapidly increasing import growth which continues to encompass more than all of the modest increases registered in retail sales. As a result of the decade-long surge of apparel imports, production worker employment in women's and children's apparel has contracted by more than one-fifth since 1980.

Wide-ranging Declines

With the exception of children's outerwear, every industry segment has suffered significant losses in employment. Blouses and dresses have been especially hard hit, falling 9.7 percent and 6.9 percent, respectively, during the first two months of this year.

Production worker employment in the intimate apparel industries has also been sharply off with all three industry segments -- underwear and nightwear, knit underwear, and corsets and brassieres -- declining by approximately five percent.

Last year's modest rebound in coats, suits, and skirts has been reversed, with production worker employment returning to the levels of early 1988.

As stated earlier, the only gain in employment was registered in children's outerwear. But even this positive development must be put in context. This industry segment experienced serious employment erosion from the latter half of 1988 through the first half of 1989. The 2.4 percent increase registered in the beginning of this year, therefore, reflects only a partial recovery of past losses.

The industrywide drop in employment combined with a 1.1 percent fall in average weekly hours has resulted in a 3.2 percent decrease in manhours worked during the first two months of this year. This decrease would have been even more severe had there not been an increase in the number of work days during the first two months of 1990 as compared with the same period in 1989.

As with employment, every industry segment with the exception of children's outerwear experienced significant declines in manhours worked. Once again, dresses and blouses suffered the largest declines in the industry, each falling 9.3 percent at the beginning of this current year. Along with the drop in employment, a decrease in average weekly hours worked -- 4.3 percent in dresses and 2.0 percent in blouses -- contributed to this precipitous decline in manhours.

In contrast to this dismal employment and manhours picture has been a 2.4 percent increase in average weekly earnings. With the exception of dresses, average weekly earnings in every industry segment grew -- ranging from 1.1 percent in other outerwear to 8.4 percent in coats, suits and skirts.

Payrolls for the industry as a whole, however, rose only 0.3 percent. Five out of the nine industry segments expanded their payrolls, with the largest increase of 8.7 percent in children's outerwear. Also experiencing healthy payroll growth were knitted outerwear and coats, suits and skirts, each of which rose 6.7 percent each. In contrast, dresses and blouses registered total payroll declines of 8.7 percent and 6.0 percent, respectively.

Unemployment Soars

Declining employment has led to increases this year in apparel unemployment. In each month through March, the unemployment rate for the apparel industry was higher than in the same month in 1989. In March, the last month for which BLS has reported, the unemployment rate soared to 11.7 percent, the highest in the industry since January 1987.

Average Hourly Earnings, Women's Garment and Other Selected Industries

Industry	Feb. 1984	Feb. 1985	Feb. 1986	Feb. 1987	Feb. 1988	Feb. 1989	Feb. 1990
WOMEN'S GARMENTS							
Coats, suits, and skirts	$6.05	$6.27	$6.39	$6.39	$6.38	$6.28	$6.83
Dresses	5.58	5.74	5.80	5.96	6.14	6.46	6.50
Blouses	5.01	5.17	5.15	5.05	5.14	5.28	5.49
Knitted outerwear*	5.69	5.95	6.12	6.44	6.53	6.53	7.11
Children's outerwear	4.94	5.07	5.14	5.18	5.43	5.59	5.80
Other outerwear	5.19	5.32	5.36	5.55	5.71	6.06	6.06
Corsets and brassieres	5.50	5.68	6.11	6.34	6.75	6.65	6.90
Underwear and nightwear	4.91	5.20	5.24	5.33	5.45	5.74	5.93
Knitted underwear*	5.55	5.68	5.86	6.09	6.32	6.74	7.34
MEN'S CLOTHING							
Suits and coats	6.39	6.70	6.66	6.64	6.81	7.05	7.25
Shirts and nightwear	4.86	5.02	5.14	5.23	5.42	5.69	5.98
Separate trousers	5.13	5.33	5.28	5.30	5.40	5.55	5.60
Work clothing	5.00	5.23	5.45	5.53	5.59	5.71	5.89
ALL MANUFACTURING	9.07	9.45	9.71	9.85	10.06	10.38	10.66
Nondurable goods	8.25	8.63	8.87	9.09	9.32	9.62	9.95
Printing and publishing	9.31	9.62	9.87	10.18	10.39	10.74	11.09
Rubber and plastic products	8.19	8.50	8.70	8.80	9.03	9.31	9.60
Cotton fabrics	6.76	6.85	7.08	7.43	7.68	7.92	8.23
Wool fabrics	6.73	6.96	7.23	7.59	7.79	8.18	8.40
Durable goods	9.65	10.00	10.29	10.38	10.59	10.91	11.17
Automobiles	12.45	13.32	13.51	13.50	13.79	14.19	14.35
Primary metal industries	11.53	11.69	11.93	11.77	12.02	12.27	12.61
COAL MINING	14.43	15.40	15.24	15.74	15.92	16.25	16.57
BUILDING CONTRACTORS	10.75	11.27	11.35	11.54	12.03	12.41	12.73
RETAIL TRADE	5.86	5.94	6.05	6.08	6.23	6.47	6.73
SERVICES	7.51	7.83	8.19	8.44	8.81	9.28	9.75

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics

HOURLY EARNINGS

The only data available on hourly earnings are those compiled by the Bureau of Labor Statistics and they include both union and non-union plants. They do not include fringe benefits.

The data show a very wide range of changes between February 1989 and February 1990. The knitted underwear and outerwear industries had the largest increases in average hourly earnings, with the former growing 60 cents and latter 58 cents.

Production workers in cut-and-sew apparel plants also experienced increases in average hourly earnings. Workers in coat, suit, and skirt shops had a rise in hourly earnings of 55 cents an hour from February 1989. Average hourly earnings in the foundation garment industry were boosted by 25 cents; in blouses and children's outerwear by 21 cents; in underwear and nightwear by 19 cents, and in dresses by 4 cents. Only other outerwear experienced no increase in average hourly earnings.

The earnings data increasingly reflect factors other than the pay rates of individual workers. The changing structure of the industry includes dramatic shifts in the shops being surveyed each month, in occupational makeup, in the product mix and in geographic location. All of these can accentuate or offset changes in worker pay.

COMMENTARY

After almost four years of talks aimed at further liberalizing world trade, but with little progress achieved so far, the Uruguay Round of trade negotiations is due to conclude at a ministerial meeting in Brussels in December. As seven times before, this round is being held under the auspices

of the Geneva-based General Agreement on Tariffs and Trade (GATT).

The ILGWU concern in these negotiations is, of course, how the GATT will deal with apparel and textile trade. This is only one of the major issues in the talks, and, as usual in international trade negotiations, no one issue stands alone.

The GATT was created in 1947, primarily by the United States and Britain, and the United States has remained the dominant voice in the GATT and thus in the Uruguay Round as well.

Liberalization of Trade

The Uruguay Round was launched in September 1986 in the resort city of Punta del Este. The agreed upon objectives of its 105 participants are the liberalization of trade in all goods and services and the strengthening of GATT's authority in dealing with disputes among members as well as surveillance of their trade policies.

Fifteen negotiating groups were set up to deal with what were viewed as the major problems inhibiting the expansion of world trade. Among them were committees to deal with textiles and apparel, agriculture, services, intellectual property, subsidies, dumping and countervailing measures, tariffs and strengthening GATT rules.

From the very outset of the current round, it has been clear that the United States government has several primary goals at the GATT talks. It seeks to open up trade in services. It looks for a system to protect trade in ideas, commonly referred to as intellectual property. And it wants an agreement to open up other countries, especially in the third world, to investment, primarily in the interests of United States banks and insurance companies.

Giveaway Industries

To achieve its goals, the two major areas that the U. S. government could offer to trade are agriculture and apparel and textiles.

The U. S. has proposed abolition of export subsidies for agricultural products within five years and all agricultural subsidies within ten years, a position opposed by much of the U. S. agricultural community. This proposal clashed head-on with, among others, the European Common Market, where the agricultural lobby is very strong. At this writing, it appears that differences on agriculture may not be resolved in the current round.

This leaves apparel and textiles as the major area that the U. S. government will be prepared to trade away in exchange for achieving the cited goals. The proposal made in Geneva in Februyary and elaborated upon in March makes this clear. This would be in keeping with historical experience, especially in the ten years of the Reagan-Bush Administrations when apparel and textiles were sacrificed in the interest of other perceived needs.

At this writing, there is no public indication of a change in U. S. government policy. There is also little evidence that the U. S. proposals on textiles and apparel have won wide support from other GATT members, including both large and small nations. Given the vagaries of international diplomacy, however, the possibilities of trades on this or other issues with some current opponents of the U. S. position, especially the European Community, should not be precluded.

Ending the MFA

In general, most GATT member governments appear to be in agreement that textiles and apparel should be integrated into the GATT. This would mean ending the Multifiber Arrangement, which since 1973 has operated as an exception to the GATT. MFA IV, the current MFA, expires on July 31, 1991.

A number of countries have made proposals on how to integrate textiles and apparel trade into the GATT. They range from immediate integration into GATT disciplines -- e.g., dropping quotas -- to plans to integrate textiles and apparel into the GATT through various transition mechanisms to secure orderly integration. The U. S. proposal is among the latter and, as presented in Geneva on February 5, 1990, consisted of the following three alternatives:

* A ten year transition via global quotas for each product category applicable to countries with which the U. S. has bilateral agreements and a global basket to provide for growth. Each year the basket would be increased by a given growth factor. All nations could compete for the basket.

Each year, over the ten-year period, existing country allocations would shrink by one-tenth of the original quota and the global basket would

increase by this ten percent plus an additional (unspecified) growth factor. The growth factor for a category would vary depending upon its import sensitivity and would increase from year to year.

The global basket would thus take over the country quota shares in bilateral agreements and in the final year of the ten-year transition the overall quota would exist only in the form of the global basket. Existing product categories would be consolidated and some not considered sensitive would be removed from coverage.

* A tariff rate quota, the same in duration and operating in much the same way as the global proposal, but featuring a two-tier tariff system. There would be country allocations and a global basket with lower tariffs. Imports would enter a country first at the lower duty rates. Additional imports would be permitted at higher tariff rates.

* An MFA-based transition arrangement, using the the existing multilateral structure to evolve a "new and improved" trading regime.

U. S. Government Clarification

Exactly one month after these proposals were made and in response to requests to clarify the global quota proposal, on March 5, 1990 the U. S. government issued a further statement in Geneva. This is the government's last publicly stated position. It consisted of the following five points:

* The base for determining the quotas will be the average of the last three years of trade, namely 1987-1989. Country quotas will be determined by the same three-year averages, with no country accounting for more than 15 percent of the total allocation for any category.

* Existing categories will be consolidated to provide greater flexibility to importers. Outward processing -- in the case of the U. S. this would pertain to 807-A imports -- will be exempt from global quotas.

* All other countries will be covered, except where customs unions have been created or free trade agreements exist.

* Special preference will be given to the least developed countries -- commonly referred to as LLDCs -- by providing for stability in their exports during the transition.

* Exports related to bilateral agreements will be allocated by the exporting country as with the MFA, while the global import basket will be allocated by importing countries.

The U. S. clarification also stressed that GATT rules and disciplines should be strengthened, that all relevant trade measures in textiles and apparel be integrated and that there be an orderly transition from the MFA to the integration of textiles and apparel into GATT procedures.

New Questions

The fact that the U. S. government saw fit to explain its global proposal in greater detail seems to reflect a decision that of the three proposals put forth a month earlier, the "global" proposal was, in fact, the one the U. S. government would push. However, the clarification has raised a number of additional questions:

* Use of average data for the three years 1987-1989 presents a serious problem. In calculating 1988 apparel production, the Bureau of the Census has reportedly discovered 600 apparel companies that previously had not been reported. This makes the data for 1987 non-comparable with 1988 data. Until this is resolved, using the three year average would raise serious questions.

* Examination of the data show that some countries now account for more than 15 percent of exports of particular categories. Since the U. S. government opposes rollbacks for any country, this figure must be revised in some fashion.

Growth Rates Unspecified

* Until the U. S. government quantifies growth rates and spells out category consolidation during the transition period, it is impossible to analyze the implications of the proposal. The same can be said about exemption of 807-A -- and, presumably, the Special Regime as it applies to Mexico and any extension of this program to other Latin American countries as proposed by the White House on November 1, 1989.

* The exemption of countries where free trade agreements exist further whittles away a "global" approach. In the case of the U. S., free trade agreements with Canada and Israel are treaties approved by the Senate. These countries are therefore excluded from global coverage.

Another reason for concern about this exemption is the talk of a free trade agreement with Mexico.

* Special treatment for the LLDCs is generally acceptable, although it needs fuller definition because of the danger that the most developed exporting countries may continue to dominate the market and use LLDCs as transshipment points for their apparel exports. This, then, is where the U. S. government currently stands on GATT textiles and apparel proposals.

It is also significant that neither in the overall GATT discussions nor in the specific ones dealing with textiles and apparel is there any effort to protect workers' rights. The U. S. government position has been to have a sixteenth commission to deal with workers' rights. This proposal received little support among other GATT participants and appears to be dead.

Differences with Legislation

The U. S. proposal on the future of the textile and apparel industry differs from the textile/apparel legislation introduced in both houses of the Congress in early April, 1990 in a number of significant ways, the most important of which are:

* The bills call for a one percent rate of growth per category per year, consistent with the long term growth in domestic consumption, while the U. S. GATT proposal does not as yet spell out a specific growth rate. It can be assumed, however, that when such a growth rate is announced it will be considerably higher than the rate in the legislation.

CBI Treatment

* Special treatment for the CBI is provided in the bills, but only within the global quota, very different from its exclusion in the U. S. proposal in Geneva.

* The bills use 1989 data as the base year, eliminating data inconsistencies in the U. S. government proposal.

* The bills provide for a maximum tariff cut of 10 percent, staged equally over five years. The U. S. government proposal still must be fleshed out in the Geneva talks, although most observers expect the government to propose much higher cuts than those contained in the legislation.

To date there has been little indication of acceptance of the U. S. government's GATT proposals on the future of textiles and apparel and how to integrate them into the GATT. Opposition has come from a number of third world countries and from the Common Market.

Whether the U. S. proposals on textiles and apparel will be accepted at the GATT talks will be determined over the next several months. Yet, it remains unclear when the U. S. government will fill in details on the growth elements in its proposal. This element is crucial to any realistic appraisal of the proposal's implications.

Possible Fall Back

If, on the other hand, the U. S. proposal fails to win support, there remains the structure of the MFA as a mechanism to phase itself out and integrate its functions into the GATT. The current MFA runs until July 31, 1991, seven months into the year following the end of the Uruguay Round.

Whether this mechanism becomes the one through which MFA is terminated and integrated into the GATT may well be a fallback position if current discussions fail. However, this raises yet another -- at this moment unanswerable -- question, namely, will GATT members agree to give on those issues of importance to the U. S. government in exchange for promises for next year?

"Fast Track"

There remains another element in appraising the current GATT talks, assuming agreement is reached on the major issues. There is a section in the Omnibus Trade Law of 1988 that provides for "fast track" action to ratify the GATT decisions early in 1991. This means a severe limit on discussion in the Congress and an up or down vote.

As the GATT round discussions in Geneva and elsewhere go on, there is talk of altering the "fast track" provision in favor of a full dress debate in the Congress on all of the decions reached at the GATT talks. If such an effort is mounted, it can have an important effect on the negotiations.

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CONDITIONS
IN THE WOMEN'S GARMENT INDUSTRY

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ECONOMIC BACKGROUND

The U. S. economy continued to slide in the second quarter of 1990 -- April through June -- which ended two months prior to the outbreak of the Middle East crisis. Gross National Product is expected to slip further in the current quarter, which ends this month.

Some economic analysts have suggested that the economy is already in recession, among them Business Week, which reported in its August 13, 1990 issue: "The usual numbers are highly suspect.... [T]he old definition (of recession) just doesn't apply in today's economy. Call it what you want, these are tough times." The magazine asserted that "half the economy has been in a recession since the fourth quarter of last year, and the other half may not be far behind."

There is virtual unanimity among analysts that the situation in the Middle East will further aggravate a downturn in the economy, but there is less agreement on the length and depth of a recession.

GNP Growth Slows

Whether the national economy has been in, or is now moving into, a recession is largely a question of formal definition and a matter of academic concern. However, the fact is that real GNP, the measure of the nation's output of goods and services adjusted for price rises, has been slowing markedly since the second 1989 quarter.

Final sales have been declining for more than a year, with important drops registered in consumer goods, capital outlays, residential construction and defense expenditures. Severe economic downturns have been measured in some geographic areas of the country, especially the Northeast.

After rising only 0.4 percent in the second and third quarters of 1989 and 0.1 percent in the fourth quarter, real GNP went up 0.4 percent in the first 1990 quarter and 0.3 percent in the second. On an annual basis, first quarter growth was 1.7 percent, dropping to 1.2 percent in the second quarter.

Inventories Up

Non-farm inventory growth has accounted for all or most of the GNP gains in all but one of the last five quarters. In each of the latter three 1989 quarters, rises in inventory accounted for more than all reported GNP growth. In the first 1990 quarter, additions to inventories dropped sharply, while real GNP grew modestly. In the second quarter the rise in inventories accounted for $11.6 billion of the $12.2 billion increase in GNP. Inventory accumulation continued to rise in July.

Apparently anticipating a downturn in the economy, many companies that manufacture durable goods decreased their inventories in the fourth 1989 and first two 1990 quarters. In contrast, inventories rose in both wholesale and retail trade. Retail automotive inventories were up slightly in the second quarter after a sharp first quarter decline.

Personal Consumption Flat

Personal consumption expenditures, which generally account for roughly two-thirds of GNP, dropped in the fourth 1989 quarter despite the Christmas shopping period, rose in the first 1990 quarter and remained flat in the second quarter.

Durable goods consumption followed the same pattern, while non-durables were flat in the fourth quarter of 1989 and down in the two 1990 quarters. Consumption of services was also flat in the first, but sharply up in the second, quarter.

Investment Also Flat

Private domestic investment, which had dropped severely in the fourth 1989 quarter, went down again in the first 1990 quarter, recovering slightly in the second quarter. Investment in equipment, the key element in economic growth, seesawed from the last 1989 quarter to the second 1990 quarter and remained flat over the period. Investment in non-residential structures was also down, while residential investment continued to decline in the period as it has since its most recent peak in 1987.

The gap between durable investments in information processing and industrial equipment continued to grow, with the latter now accounting for a little more than one-third of the former.

Investment in information processing rose from a real $162.4 billion at an annual rate in 1988 to $187.5 billion in the second 1990 quarter, second only to $188.4 billion in the first quarter. At the same time, investment in manufacturing equipment remained relatively flat, rising from $69.5 billion in 1988 to the mid seventy billion dollars and then dropping to $70.5 billion at an annual rate in the second 1990 quarter.

Imports Rise

Exports and imports of goods and services both peaked in the first 1990 quarter. Exports rose more rapidly than imports, continuing the secular downward trend in the trade deficit over the last number of quarters. Most of the decline in imports resulted from a decline in oil prices.

The trade deficit increased in the second 1990 quarter as exports declined more than imports. While the one quarter turnaround is not sufficient to suggest a reversal in the declining trade deficit, higher prices for imported oil may be expected to increase the trade imbalance in the third and following quarters.

The brightest spot in the economy was a large increase in federal government purchases of goods and services in the second 1990 quarter, following a flat first quarter. Military purchases were steady in each of the two quarters, while non-military outlays accounted for all of the second quarter rise. State and local government purchases of goods and services rose in the first quarter and were flat in the second.

Retail Sales Level

Retail sales were up slightly in real terms in the first 1990 quarter and down again in the second. The first quarter rise followed a decline in the fourth 1989 quarter as retail sales failed to develop momentum in the Christmas buying season. Retail sales in the second quarter were lower than in any of the prior six quarters They continued to be relatively flat in July and then dropped sharply in August. For the eight months, retail sales were down 0.1 percent.

Durable goods sales, which had peaked in the third 1989 quarter, continued a rising pattern in the first 1990 quarter. This was followed by a drop in the second quarter to the levels of the last 1989 quarter. Durable purchases went up slightly in July, only to drop again in August and for the year to date were down 0.3 percent.

Non-durable sales declined in each of the two 1990 quarters, went up a bit in July and declined in August and for the year to date they were flat.

Industrial Output Fades

Industrial production peaked a year ago and continued to slow in recent quarters. Much the same happened in manufacturing production. In line with this, growth in non-agricultural civilian employment has come to an end and overall employment declined in both July and August.

Apparel production started falling a year ago and has continued to do so in the last four quarters and at an increasing rate. The production index is now at the same level as two years ago. Compared with the first two 1989 quarters, apparel output was down 2.6 percent and 5.6 percent respectively in the comparable 1990 quarters. Compared to the same month in 1989, apparel production was down 5.8 percent in July 1990 and 5.2 percent in August 1990.

Unemployment rates bottomed out early in 1989 and were flat for several quarters. They are now at the highest levels in two years, moving up from 5.2 percent in June to 5.6 percent in August. Joblessness in apparel rose in each of the last three months and was 8.7 percent in August, 50 percent higher than unemployment in the economy as a whole.

Consumer Prices Rising

Consumer prices went up 1.7 percent in the first three months of 1990 and another 1.0 percent in the second three months. They continued to rise sharply in July and August, especially in August. Producer prices rose 2.3 percent in the first period and were flat in the second quarter. August witnessed one of the largest monthly increases in recent years. Increases in producer prices, formerly called wholesale prices, usually show up in consumer price increases a few months later.

Personal income rose in June, but when adjusted for taxes and price increases it was flat in the last two months of the second quarter. Revision by the Commerce Department of 1989 personal income and consumer expenditure data reduced the 1989 savings

rate, decreasing the consumer cushion for any possible increase in purchases or compensating for more difficult economic circumstances.

The slowdown in consumer purchases, in turn, is reflected in the previously reported weaker growth in new job creation, while rising prices and taxes have slowed both income and spending. These factors are reflected in two indexes, both of which show that consumer confidence about the economy is at its lowest level since the stock market crash in 1987.

RETAIL SALES

Judging from data through August, 1990 is emerging as the worst year for retailing since the 1982 recession. Retail price increases were responsible for the 3.9 percent advance in retail store sales in the first eight months of the year. Once prices are taken into account, real sales were unchanged from their level in the same months of 1989. This is the second poor year in a row for retailing. In all of 1989, the real sales gain was only 0.9 percent.

Difficulties on the retail scene have been emerging for some time. The buying public has been constrained by inadequate income growth, high debt levels and a nagging concern over the future trend of the economy. Many retailers are saddled with huge debt service burdens as the result of buyouts and mergers and are forced to concentrate on cash flow problems rather than marketing.

Sales Flat

Stores have engaged in one discounting wave after another and have tried to maintain lean inventories and minimize commitments for future goods. While consumers may have benefitted from the lower prices available in frequent promotions, the end result to date has been to keep real sales flat.

The retail turmoil was widespread. Total sales of durable goods stores rose only 0.8 percent in the first eight months of 1990 over the January-August 1989 period. Durable sales in real terms declined 0.4 percent after taking into account a modest price increase of 1.1 percent.

Retail Sales of Women's and Children's Wear by Type of Outlet*

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1980	$48,287	$20,409	$16,273	$5,007	$6,598
1981	53,746	23,188	17,764	5,745	7,049
1982	59,160	24,477	20,884	6,504	7,295
1983	62,262	27,350	20,492	7,324	7,094
1984	68,156	30,278	22,291	7,829	7,759
1985	73,053	31,702	24,528	8,488	8,335
1986	78,473	33,559	26,827	9,206	8,881
1987	82,820	35,704	27,397	10,223	9,496
1988	87,650	37,655	28,850	11,250	9,895
1989	93,147	39,645	30,390	12,201	10,911
Jan-Jul'89	46,700	19,651	15,742	5,837	5,470
Jan-Jul'90	49,533	20,745	16,471	6,542	5,774

* Data include millinery, furs, hosiery, gloves and other accessories.

SOURCE: ILGWU Research Department (Benchmarked to Census of Business)

In nondurables, actual sales through August were ahead 5.9 percent. However, retail prices moved upward on a broad front, resulting in a net gain of only 0.2 percent.

Women's Wear Weak

Retail sales of women's and children's apparel and accessories exhibited the same fundamental weakness shown by other nondurable goods. They advanced 6.1 percent in current dollar terms in the first eight months of 1990, compared to a year ago. Much of the advance, however, reflected higher prices. After adjusting for higher prices, the real dollar gain was only 1.2 percent.

Family clothing stores had the greatest increase in sales of women's and children's wear this year, advancing more than twice as fast as the other three store types. Many discounters and off-price outlets fall into the family clothing store category.

Although unseasonable weather may have helped hold back buying of female finery, the lion's share of the problem must be attributed to the basic weakness in the economy. Real sales of women's and children's wear actually declined in July. Detailed data for August are not yet available, but judging from Census Bureau preliminary data for all apparel stores, the sales slump continued and possibly intensified.

Outlook Bleak

The outlook for the balance of 1990 seems bleak. By all accounts, the Mideast turmoil has yet to make itself fully felt on consumer behavior, although there is little question that it has begun to be felt in recent weeks. Fall buying and the traditional back-to-school sales are lagging expectations. Consumers are also deeply apprehensive about a recession and are not in a buying frame of mind.

Retailers are cutting inventories dangerously close and stock shortages may well inhibit sales to those consumers with the desire and wherewithal to buy. While retailer nervousness has led to a temporary slowdown in apparel imports, it has resulted in a much larger cutback in domestic operations. When the dust settles, the U.S. apparel industry can be expected to have a smaller base and the import share will have been enhanced.

DOMESTIC PRODUCTION

In our May 1990 report, we discussed at length the problems being encountered with Census Bureau data on domestic production. As of this writing, few of these problems have been resolved.

We are still awaiting release of the final 1987 Census of Manufactures data on women's and children's wear. The Census Bureau has just released the final edition of the Annual Apparel Survey with data for 1989 and 1988. The production data table on page 5 of this report has been revised to take the later data into account. While data for many products show significant change, there is no change in the basic downward movement of domestic production.

The Annual Apparel Survey was to be replaced with a new quarterly report starting with 1990. Unfortunately, no data have been released as yet for 1990 because of administrative delays reportedly relating to changes in the survey format. One has to look, therefore, to other statistical indicators for information on current production activity.

Production Lagging

From all signs, 1990 domestic production is lagging severely behind 1989 levels. One indicator, the Industrial Production index of the Federal Reserve Board, showed a decline in overall apparel output of 2.3 percent in the first quarter of 1990 and a drop of 5.8 percent in the second quarter of 1990, both in comparison with the identical 1989 quarters. The declines continued into July and August, with year-to-year drops of 4.5 percent and 5.1 percent respectively.

Unpublished Census Bureau data on the dollar value of shipments for the entire apparel industry also suggest a major setback this year.

The ILGWU Research Department compiles a series on physical volume of domestic production of women's and children's apparel. In 1989, this series was at 82.4 percent of its level in 1983, This year the index is averaging 76.4. These data point up the decline in domestic apparel output.

Market reports, newspaper stories and other data support the conclusion that the industry is suffering a major loss in activity this year. Manufacturers report

Production of Selected Women's and Children's Garments
(in millions of units)

	1987	1988	1989
Women's and Girls' Garments			
Coats and jackets, except suit type	26.6	24.2	22.8
Down and feather filled coats*	1.2	1.0	1.2
Suits and pantsuits	8.0	8.9	7.1
Separate suit-type jackets	22.4	25.2	19.2
Dresses	242.6	207.8	203.6
Skirts and divided skirts	141.2	129.4	110.5
Slacks, jeans & sweatpants	405.9	382.9	361.5
Shorts	74.3	92.1	97.5
Sweaters	99.2	88.3	77.8
Woven blouses and shirts	316.1	254.5	244.5
Knit T-shirts and tanktops	102.6	84.8	100.4
Other knit shirts	205.9	198.2	174.1
Swimwear	50.8	45.9	48.5
Warmup and jogging suits	42.8	26.8	21.3
Playsuits	35.5	29.3	29.3
Coverall, overalls, jumpsuits*	28.4	30.9	30.3
Foundation garments	240.8	280.3	285.5
Nightwear	232.6	186.9	172.6
Underwear*	1665.8	1714.5	1745.5
Robes and dressing gowns*	40.1	38.7	37.0
Infants' Wear			
Shirts, pants, creepers, coats, rompers, playclothing	92.4	86.0	94.8
Underwear and nightwear	107.5	115.0	93.8

*Includes men's and boys' garments
N.A. Not available

SOURCE: U.S. Bureau of the Census (data benchmarked to 1982 Census of Manufactures).

that retailers are holding back on orders, while employment in the various branches of the industry is down sharply.

IMPORTS

After registering strong gains in 1989, apparel imports lost much of their steam as 1990 progressed. Many cross currents were responsible for the softening that developed. The weak retail market and flagging consumer confidence led stores to cut back on orders of both domestic and imported merchandise in a strong effort to keep inventories lean.

Buyouts and mergers at both retail and wholesale levels, aggravated at times by a concomitant credit pinch, affected choices between domestic and foreign suppliers as well as between sourcing in one country or another. On top of these developments, many companies were seeking out new sources in countries with no current quotas in order to avoid quota constraints or to hedge against future legislation or a possible international agreement at the GATT.

In this unsettled climate, the total volume of apparel imports rose 2.5 percent in the first seven months of the year, in contrast to a gain of 14.3 percent in 1989. Non-apparel textile imports rose 2.0 percent this year

Imports of Selected Women's and Children's Garments
(in thousands of units)

Product	Fiber	Year 1984	Year 1985	Year 1986	Year 1987	Year 1988	Jan-Jul 1988	Jan-Jul 1989
Coats, jackets, raincoats	Cotton	26,267	24,827	28,635	32,018	26,086	16,337	13,111
	Wool	4,409	4,990	5,606	5,104	4,841	2,044	2,240
	Synthetic	48,165	45,247	49,870	49,544	54,623	31,344	25,272
	Other	N.A.	N.A.	N.A.	2,772	2,706	1,555	2,290
	Total	**78,841**	**75,064**	**84,110**	**89,438**	**88,256**	**51,280**	**42,913**
Suits	Wool	1,417	1,176	1,510	1,325	903	373	320
	Synthetic	5,504	5,096	6,498	6,497	5,474	2,814	2,582
	Other	N.A.	N.A.	N.A.	511	930	531	382
	Total	**6,922**	**6,795**	**8,609**	**8,333**	**7,307**	**3,718**	**3,284**
Dresses	Cotton	16,785	17,725	20,889	25,324	28,003	20,213	20,807
	Wool	1,996	1,730	2,326	1,607	1,396	564	666
	Synthetic	25,775	30,468	37,133	37,370	37,904	23,784	25,699
	Other	N.A.	N.A.	N.A.	2,085	1,960	1,308	2,836
	Total	**44,556**	**49,923**	**60,349**	**66,384**	**69,263**	**45,869**	**50,008**
Blouses	Cotton	115,536	136,510	160,071	164,222	134,204	90,322	93,440
	Wool	2,997	3,140	3,075	2,593	2,315	1,298	482
	Synthetic	81,042	112,478	137,464	108,246	111,367	85,272	81,296
	Other	N.A.	N.A.	N.A.	10,709	11,388	7,842	7,734
	Total	**199,575**	**252,128**	**300,611**	**285,770**	**259,274**	**184,734**	**182,954**
Knit shirts	Cotton	120,412	113,419	162,825	200,883	214,886	134,174	149,155
	Wool*	10,908	8,845	10,087	8,838	9,140	4,099	3,584
	Synthetic	210,453	206,777	244,681	240,392	195,366	110,065	170,416
	Other	N.A.	N.A.	N.A.	1,421	3,107	2,344	1,195
	Total	**341,773**	**329,041**	**417,593**	**451,534**	**422,499**	**250,682**	**324,350**
Sweaters*	Cotton	15,141	20,715	24,324	25,538	24,383	12,834	13,613
	Wool	41,382	44,472	41,653	38,219	34,819	15,151	11,119
	Synthetic	127,035	146,001	149,623	145,475	127,110	71,414	81,852
	Silk	N.A.	19,949	9,289	15,067	10,127	5,678	2,719
	Other	N.A.	95,000	127,289	107,362	67,108	28,756	60,434
	Total	**188,240**	**326,137**	**352,171**	**331,661**	**263,547**	**133,833**	**169,737**
Skirts	Cotton	25,756	27,236	38,450	63,053	50,842	39,463	25,598
	Wool	4,239	5,216	8,395	6,035	4,709	2,119	2,124
	Synthetic	15,666	18,297	33,490	36,367	33,158	21,121	22,087
	Other	N.A.	432	4,751	7,341	5,124	3,964	3,820
	Total	**45,661**	**51,181**	**85,085**	**112,798**	**93,833**	**66,667**	**53,629**
Slacks & Shorts	Cotton	150,426	156,871	182,205	189,093	204,547	131,288	154,026
	Wool	3,156	5,019	4,458	3,495	4,033	1,741	1,739
	Synthetic	114,036	131,946	147,606	134,671	132,239	75,382	94,714
	Other	N.A.	N.A.	N.A.	24,963	22,336	15,940	26,046
	Total	**267,718**	**293,836**	**334,270**	**352,223**	**363,155**	**224,351**	**276,525**
Playsuits*	**Total**	**47,067**	**52,446**	**69,334**	**58,706**	**52,237**	**34,610**	**26,516**
Dressing gowns & robes*	Cotton	6,373	8,116	9,389	9,383	9,805	5,220	6,426
	Synthetic	3,943	3,694	5,630	6,725	8,544	4,232	7,079
	Total**	**10,316**	**11,810**	**15,018**	**16,245**	**18,432**	**9,495**	**13,529**
Nightwear & Pajamas*	Cotton	27,723	31,598	34,815	33,885	36,398	18,574	21,931
	Synthetic	12,317	21,047	27,820	30,432	32,740	18,070	20,909
	Total**	**40,040**	**52,645**	**62,635**	**64,426**	**69,209**	**36,667**	**42,865**
Underwear*	Cotton	87,596	125,606	137,350	164,462	209,591	112,730	152,737
	Synthetic	102,603	106,917	134,828	139,886	157,636	84,377	93,272
	Total**	**190,199**	**232,523**	**272,178**	**305,120**	**367,855**	**197,324**	**246,058**
Brassieres & girdles	**Total**	**166,086**	**185,418**	**179,558**	**196,194**	**218,286**	**124,252**	**125,507**

* Includes male garments ** Includes other fibers N.A. Not available
Source: U.S. Bureau of the Census (General Imports)

after an 11.1 percent gain in 1989. (These data are measured in equivalent square meters of fabric used in the manufacture of the imported apparel.)

The dollar value of apparel imports, however, showed a much greater increase in the first seven months of 1990, rising 9.5 percent over the same months of 1989. The value of non-apparel textile imports was up 6.7 percent in this same period.

Higher import unit prices reflect the growing sophistication and quality of foreign made apparel, as well as success in upgrading in order to get more money from U. S. importers.

As this report went to press, detailed data on apparel imports were only available through June. Many important trends can still be gleaned from these data. for the first six months of 1990.

Women's Wear Imports Lag

Women's apparel imports were flat through mid-1990, declining 0.1 percent in the first six months when measured in square meters. Men's and boys' apparel imports, however, rose 6.9 percent in the period. For a time women's and children's wear imports outpaced those for males; more recently the pattern has been reversed.

Apparel not identified by sex of wearer -- largely gloves, handkerchiefs, headwear, neckwear and similar accessories -- gained 2.0 percent in square meters in the first six months.

From a fiber perspective, in women's wear, cotton apparel imports were ahead 12.8 percent in the first half, while man-made apparel imports were down 2.5 percent and wool garments were off 10.7 percent.

Women's clothing made of the new-MFA fibers -- silk blends, ramie and linen -- were 34 percent behind the same period last year. Imports of garments made of these fibers rose rapidly when quotas were tighter, but have lost favor more recently as quotas remain open for cotton, wool and man-made fiber goods.

Knit women's wear imports measured in square meters declined 3.5 percent in 1990, offsetting a 3.4 percent gain in wovens. Knits did worse in every fiber but cotton. There the reverse was true. Knits were also weaker in men's and boys' apparel, rising only 0.6 percent in contrast to a 9.7 percent gain in wovens.

Country Developments Mixed

China continues to be the number one supplier of imported apparel to the United States and maintained its position with a 8.6 percent gain in its shipments of all apparel in the first half of 1990. Also gaining was the number two shipper, Hong Kong, up 6.3 percent.

The remaining two big Far Eastern shippers -- Taiwan and Korea -- both witnessed large cutbacks in their 1990 shipments to the U.S., declining 18.0 and 18.9 percent respectively. This was in part due to their rising currency as both of these suppliers and importers sought out cheaper labor areas than their own in Southeast Asia and the Caribbean.

Shipments from the ASEAN nations were ahead 14.7 percent, again in part the result of some major exporters moving more production there because of lower wage levels.

The Caribbean nations, including newly added Panama, continue to grow in importance as a base for U.S. offshore producers. In the first 6 months of 1990, CBI apparel shipments to the U.S. were ahead 10.5 percent (measured in square meters). All this was on the strength of 28 percent gains in both male apparel and accessories. CBI exports of women's wear to the U.S. were down 0.4 percent in the same period.

Firms Relocate

We have previously noted the plans of a number of large menswear firms to establish CBI production operations, utilizing U.S.-cut and formed fabrics to take advantage of the virtual quota-free arrangements that are available, as well the low wage rates paid workers in the Caribbean. This year's data suggest that these plans have come into force and with an unexpected virulence.

Mexico shares many of the garment export advantages of the CBI, including liberal quotas for assembly work on U.S.-cut and formed garment parts. However, Mexico's shipments of apparel to the U.S. under all programs in the first half of 1990 was 7.1 percent behind that of last year.

Europe, always a minor supplier of apparel to the U.S., accounted for less than 5 percent of our imports. Thus far in 1990, France, Scandinavia, Ireland and the United Kingdom are all enjoying gains in apparel shipments to the U. S. In the Southern tier, Italy has

suffered a 39 percent drop, while Greece, Turkey, Spain and Portugal all advanced.

Other areas, much newer to garment exporting, are also showing growth. Among these are Africa, Australia and the Pacific islands, the Mideast and such Asian areas as Bangladesh and Sri Lanka.

Products Diverse

Imports of specific items of women's and children's wear showed diverse developments in 1990. Of the 13 products for which data are available, 8 advanced and 5 lost ground. The largest gain -- 46 percent -- took place in playgarments. Imports of women's coats were ahead 20 percent, underwear and nightwear were up 17 percent each and lesser gains were in evidence for knit shirts, skirts, dresses and pants.

Sweater imports dropped 38 percent, while those of robes were off 22 percent and suit imports were down 16 percent. Woven blouses and foundations garments were both 4 percent behind last year.

Action Needed

The temporary overall lull in apparel import growth, however, is deceptive. There remains continued strength in the import potential, only waiting to be unleashed once the retail picture improves. In the meantime, imports continue to take away market share from domestic apparel. Never has our industry's need for more effective control been greater than at the moment.

One battle is being waged in the halls of Congress, where the Textile/Apparel bill received overwhelming support and awaits an override vote on the expected veto by the President; another is being waged at the GATT negotiations in Geneva. The outcome of both of these efforts can be expected to deeply influence the future of the U. S. apparel industry. The Geneva negotiation is reviewed at length on the closing Commentary section on pages 11-14 of this report.

EMPLOYMENT, HOURS, PAYROLLS

The long-term downward trend in production worker employment in the women's and children's wear industry accelerated sharply in the first seven months of 1990 in the wake of sagging retail demand and the growing market share of clothing imports. In contrast with declines in 1988 and 1989 of less than 2 percent a year, production worker employment plummeted 6.0 percent in the first seven months of 1990, compared to the same months of 1989.

All signs point to a continuation, if not worsening, of the employment slide in August. Preliminary data from the Bureau of Labor Statistics for the apparel industry as a whole -- excluding knit goods but including such non-apparel items as house furnishings and automobile upholstery -- showed that the August drop was larger than in any prior 1990 month.

The latest setback for the domestic women's and children's apparel industry brings employment levels to half-century lows. Production worker employment in 1990 is 22.6 percent below its 1980 level and 32.2 percent short of the industry peak in 1973. Domestic apparel plants are closing or reducing operations under the impact of imports.

All Branches Affected

Unlike some previous years when employment cuts were not all-pervasive, not one single branch of the industry escaped the 1990 setbacks. In the first seven months of 1990, employment fell 10.3 percent in women's blouses and 7.5 percent in dresses compared to the same months of 1989. Women's coat, suit and skirt employment dropped 3.0 percent, while in other outerwear shops -- primarily producing pants, cut-and-sew knitgoods, miscellaneous sportswear and washable service apparel -- the decline was 5.9 percent.

The number of production workers in knit outerwear declined 5.2 percent in the January-July period, compared to last year. Children's outerwear lost the least ground -- 1.5 percent.

In intimate apparel, employment was down 7.8 percent in women's and children's underwear and nightwear through July, 8.6 percent in corsets and brassieres and 6.2 percent in knit underwear.

Paralleling the overall industry, 1990 employment in the individual branches was at recent all time lows in all but three. In knit outerwear, employment was down to the levels in the 1982-83 recession. In knit underwear, the number of jobs was on a par with levels in mid 1980's. In other outerwear, which had been growing steadily through much of the last two decades, employment has dropped back to 1986 levels.

Employment, Manhours and Payrolls, Women's and Children's Garment Industry

Average Employment of Production Workers

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,100	105,600	51,300	54,100	51,000	124,200	12,200	58,100	24,700
1984	42,400	96,600	50,000	57,000	53,900	134,400	12,300	58,300	23,300
1985	36,600	78,800	44,100	55,700	50,800	142,400	11,200	53,400	20,700
1986	34,500	72,100	40,700	60,900	51,500	148,200	10,800	53,100	20,500
1987	32,300	68,400	38,800	64,100	50,200	154,500	9,600	50,400	22,000
1988	30,400	64,600	36,900	61,900	50,000	156,400	9,600	48,700	23,400
1989	31,600	63,000	35,700	59,100	49,300	156,200	9,400	45,700	24,900
Jan-Jul'89	31,200	64,300	36,500	58,900	49,100	157,900	9,400	46,200	25,100
Jan-Jul'90	30,300	59,400	32,700	55,800	48,400	148,500	8,600	42,600	23,600

Manhours of Production Workers (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	80.1	173.1	88.9	100.6	91.4	222.4	21.8	106.4	46.3
1984	72.7	160.1	86.8	106.5	98.7	241.1	22.7	107.6	43.6
1985	62.7	133.2	76.8	105.1	93.0	255.0	20.2	98.3	38.0
1986	60.1	123.0	71.9	116.9	95.7	263.1	19.0	99.3	40.4
1987	57.0	120.7	69.5	126.0	93.8	277.4	17.1	95.8	44.0
1988	54.9	114.6	66.4	122.2	93.0	281.0	17.2	92.9	45.6
1989	56.7	109.6	63.6	116.5	91.3	279.0	16.5	86.8	49.5
Jan-Jul'89	32.8	66.1	38.2	67.8	52.6	164.3	9.7	51.0	29.1
Jan-Jul'90	31.3	58.9	33.9	62.7	51.8	154.0	8.8	46.7	26.3

Payrolls of Production Workers (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	476.7	953.7	436.1	555.4	438.5	1,129.6	115.1	511.4	246.6
1984	448.8	912.1	439.2	615.9	488.8	1,261.0	126.4	535.4	241.8
1985	404.0	772.4	394.3	636.8	471.2	1,361.5	118.6	508.6	217.0
1986	388.1	720.0	366.0	742.7	494.1	1,428.8	117.3	518.6	238.2
1987	370.3	729.3	350.9	820.1	495.1	1,537.6	110.7	511.2	270.1
1988	358.6	712.5	340.4	782.2	511.8	1,625.9	112.5	513.7	294.8
1989	367.9	712.4	337.7	776.4	519.5	1,680.7	111.3	502.0	342.1
Jan-Jul'89	209.8	428.8	201.5	439.9	297.2	986.0	65.4	293.8	197.8
Jan-Jul'90	215.1	385.8	186.8	451.6	304.8	937.9	61.4	281.0	194.0

* Men's and women's garments

Source: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

The slack in industry activity was also evident from the 2.0 percent decline in average weekly hours worked this year. Even though the number of work days was up in 1990, this could not make up for the combined impact of the drop in employment and weekly hours. The total number of hours worked in the industry fell 7.3 percent through July.

With average weekly hours lower this year in each of the nine branches of the industry, manhours also fell more sharply than the corresponding employment data. Declines ranged from 1.6 percent in children's outerwear to 11.1 percent in women's blouses.

The smaller number of hours of work available this year offset much of the increase in hourly pay; weekly earnings in the industry rose only 2.2 percent in the first seven months of 1990. In one industry -- dresses -- weekly earnings actually declined 3.3 percent. In the eight other branches gains ranged from 0.4 percent in other outerwear to a high of 7.6 percent in blouses.

Payrolls Decline

Industry payrolls fell 3.3 percent in the first seven months, with lowered activity more than offsetting any improvements in wage levels. Payroll developments in the individual branches of the industry were mixed. Payrolls were up around two-and-a-half percent in blouses, coat, suit and skirt and the children's outerwear industry. Payrolls were lower than last year in the remaining six industries, ranging from 1.9 percent in knit underwear to 10.0 percent in dresses.

HOURLY EARNINGS

Data on hourly earnings in women's and children's wear are compiled by the U. S. Bureau of Labor Statistics as a part of its regular monthly reporting. These data include both union and non-union plants. They do not include fringe benefits.

Average Hourly Earnings, Women's Garment and Other Selected Industries

Industry	July 1984	July 1985	July 1986	July 1987	July 1988	July 1989	July 1990
WOMEN'S GARMENTS							
Coats, suits, and skirts	$6.18	$6.54	$6.40	$6.57	$6.54	$6.56	$7.01
Dresses	5.72	5.79	5.83	6.09	6.10	6.54	6.70
Blouses	5.01	5.08	5.07	5.05	5.04	5.25	5.53
Knitted outerwear*	5.79	6.06	6.28	6.45	6.36	6.55	7.33
Children's outerwear	4.95	4.99	5.12	5.28	5.47	5.66	5.98
Other outerwear	5.19	5.28	5.43	5.50	5.74	5.95	6.06
Corsets and brassieres	5.63	5.88	6.04	6.47	6.45	6.64	6.87
Underwear and nightwear	4.92	5.17	5.21	5.33	5.45	5.80	6.05
Knitted underwear*	5.51	5.67	5.81	6.13	6.40	6.87	7.45
MEN'S CLOTHING							
Suits and coats	6.62	6.67	6.60	6.61	6.82	7.15	7.50
Shirts and nightwear	4.87	4.99	5.12	5.21	5.35	5.53	5.89
Trousers and slacks	5.12	5.27	5.27	5.28	5.61	5.82	5.92
Work clothing	5.02	5.32	5.43	5.56	5.36	5.47	5.87
ALL MANUFACTURING	9.19	9.55	9.74	9.87	10.18	10.49	10.88
Nondurable goods	8.42	8.75	9.01	9.18	9.47	9.78	10.19
Printing and publishing	9.39	9.69	9.98	10.24	10.50	10.85	11.26
Rubber and plastic products	8.31	8.55	8.78	8.97	9.20	9.50	9.87
Cotton fabrics	6.70	6.98	7.24	7.52	7.29	7.60	8.31
Wool fabrics	6.88	7.10	7.42	7.57	7.95	8.44	8.73
Durable goods	9.73	10.11	10.26	10.38	10.68	11.00	11.38
Automobiles	12.66	13.32	13.33	13.33	13.78	14.04	14.56
Primary metal industries	11.49	11.77	11.92	11.93	12.23	12.46	13.03
COAL MINING	15.04	15.25	15.49	15.68	16.00	15.80	16.32
BUILDING CONTRACTORS	10.87	11.13	11.27	11.60	12.07	12.59	12.82
RETAIL TRADE	5.82	5.90	5.98	6.08	6.28	6.48	6.74
SERVICES	7.54	7.80	8.06	8.36	8.79	9.34	9.78

* Men's and women's garments

SOURCE: U.S. Bureau of Labor Statistics

Hourly earnings in the different branches of our industry moved ahead by widely varying amounts in the period from July 1989 to July 1990. The largest gain was in knitted outerwear, where earnings rose 78 cents in the year. In knit underwear the gain was 58 cents an hour.

Earnings of workers in coat, suit and skirt shops rose 45 cents an hour from July 1989. Average hourly earnings in children's outerwear were up 32 cents; in blouses, the gain was 28 cents an hour. Hourly earnings advanced 25 cents in underwear and nightwear and 23 cents in corsets and brassieres. The smallest gains from July 1989 were 16 cents an hour in dresses and 11 cents an hour in other outerwear.

The earnings data for our industry are affected by a wide range of factors. The July 1990 data include adjustments as a result of the increase in the national minimum wage on April 1, 1990 from $3.35 an hour to $3.80. The data also reflect the effect of wage adjustments under the current agreements between the ILGWU and the major outerwear sectors.

National earnings averages are also influenced by a number of factors apart from changes in the pay rates of individual workers. Among them are shifts in the geographical location of plants, changes in occupational structures and shifts in product mix.

COMMENTARY

After four years of negotiations to liberalize world trade, there is still no agreement in any important area at the Uruguay Round meetings in Geneva of the GATT (General Agreement on Tariffs and Trade) -- the international trade organization.

The most difficult issues to resolve in the Round's fifteen committees have been textiles and apparel and agriculture, but there is also little sign of agreement in any of the other committees.

Negotiations among the 105 nations are scheduled to conclude at a ministerial meeting in Brussels in December. If agreement is reached, the President will submit it for approval to the Congress.

The 1988 Trade Act provides that the President's approval request be submitted by March 1, 1991. A fast track procedure will be used -- no debate and an up or down vote.

No Agreement

Most important to the apparel industry are the negotiations at the GATT Textiles Committee, which will determine future apparel import growth. There is agreement that the MFA (Multifiber Arrangement), which has operated since 1974 as an exception to the GATT, should be integrated into GATT, but there is no agreement on how to accomplish the eventual elimination of quotas.

GATT committee actions on dumping, tariffs, market opening, subsidies and other trade-related issues will also affect our apparel industry's future.

MFA Part Of GATT

Proposals before the GATT Textiles Committee range from those by some developing nations to drop all quotas and controls immediately to various mechanisms to insure "orderly" transition over a number of years.

Given the lack of support for its current position and with time running out, the U. S. government may be expected to make new proposals at the end of this month or early in October.

The initial U. S. position, announced on February 5, 1990 and elaborated upon a month later, was reviewed at length in our May 9, 1990 report to the General Executive Board. For continuity reasons, it is worth summarizing them.

U. S. Proposals

Briefly, the U. S. presented three proposals, one of which called for a global quota. This proposal received the greatest stress by U. S. government representatives and was negatively received by just about every other delegation.

Excluded from the global quota concept were outward processing, our 807 and 807A imports, and countries with which free trade agreements existed -- for the U. S., these are Canada and Israel.

There would be a ten year transition period during which current country quotas would be decreased by 10 percent in each of the ten years. A global basket would be created to pick up the 10 percent

annual quota reduction to which would be added an as yet unspecified annual growth factor.

The growth rate permitted in a particular category would depend upon its import sensitivity. The rate would increase a number of times over the ten year transition period. There would be a consolidation of product categories and those not deemed sensitive would no longer be covered.

At the end of the transition period, quotas would end and textiles and apparel would be governed by a "strengthened" GATT.

The U. S. posited two alternatives to its global proposal. One would set up a two-tier tariff system in which a country's allocations could enter at lower tariff rates, while additional imports would be permitted at higher tariffs. The third proposal would use the MFA in a transition to "a new and improved" trading regime.

Policy Shortcomings

The ILGWU viewed the U. S. government's global approach as flawed in a number of areas:

* Our government negotiators must have been aware for a long time that they had no support apart from Canada. Yet they have persisted in maintaining their original proposal.

* They have not -- even at this late date -- quantified proposed growth rates. Without quantification there is no way to judge the effect of the proposal on the industry.

* Exclusion of outward processing from global control would leave an ever-widening hole for import growth. Additional countries could engage in outward processing, while more 807A-type agreements could be negotiated.

A Genuine Proposal?

One could speculate on why the U. S. government, knowing that it had no support for its global proposal, has persisted in keeping it on the table for almost seven months and why it did not come up with other plans. However. it would not be surprising if the Administration seeks to use its so-called global proposal to attempt to defeat a veto override of the textile/apparel bill in the Congress. Their argument would be somewhat reminiscent of the one used in August 1986, when a congressional veto override vote on the textile/apparel bill coincided with the MFA IV agreement, reached at the end of July 1986.

The Administration then said that it had succeeded in obtaining in the MFA negotiations what the union and industry coalition had sought -- which was not the case -- and that, therefore, there was no need for legislation.

Now it may claim that it has tried for seven months to win support for a global solution. But the government's "global" proposal differs markedly from the textile/apparel/shoe bill, H. R. 4328, aside from the fact that the government has never announced its proposed import growth rate.

Back to the MFA

Having failed to win support for its global plan, Washington may now move to an MFA-based proposals a we suggested in May. This might seem to bring the U. S. closer to the views of many developing nations and the European Community. However, there are substantial differences between the parties on how the MFA might be used in a transition to the GATT.

The GATT Textiles Committee meets this week after its August recess. Even with time running out, it is uncertain if the Administration will withdraw the global proposal, try to save face by joining together an MFA-based proposal with a global plan or wait until after the override vote in October before launching a new proposal.

Enter APEC

In what appears to have been an effort to reach agreement on differences in the GATT talks, U. S. government officials met in Vancouver, Canada August 10-12 with representatives of eleven GATT members: Australia, Brunei, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. Even stripped of diplomatic language, their conclusions are anything but definitive.

Using the acronym APEC (Asia Pacific Economic Cooperation), the nations agreed that "the gradual integration of textiles and clothing trade is key for the success of the Uruguay Round overall". It

spoke of "the need to give leadership and new impetus to remove the current stalemate" on textiles and apparel.

Apart from agreeing to a 10 year transition period for ending MFA and integrating textiles and apparel into the GATT, APEC's specific conclusions were somewhat amorphous. It stated the "need to review" how the participants viewed such integration and accepted "the need to develop appropriate transitional safeguards", which, however, remained undefined.

The thirteen nations then expressed their willingness "to explore seriously" if an MFA approach could deal equitably with import surges, new suppliers, growth rates and flexibility. Finally, the participants recognized that the liberalization of textile and apparel trade "must be equitable without imposing unreasonable conditions."

The APEC meeting does not add anything of substance on how to resolve the textile and apparel issue at the GATT. There remain substantive differences among governments, especially the EC nations, on how to use the MFA. Without the EC's active support for an MFA "solution", a new U. S. MFA proposal may be in for a rough time.

U. S. MFA Policy

The effectiveness of MFA, in our view, depends upon how it is carried out, that is, the policies that flow from it. Thus, what is critical is not only the provisions of an MFA, but how our government interprets and applies them.

The record is not a good one. A brief look at how the U. S. government has used the MFA, especially during the Reagan Bush years, is instructive.

Throughout the 1980s and into 1990, U. S. policy was not to exercise our nation's rights under the MFA. Normal economic and trade factors have played a relatively minor role. Rather, perceived political and strategic needs have dictated our government's trade policies in apparel and textiles.

Our industry was the one to give away in exchange for support from Far Eastern, Latin American and other countries. More and more countries with which we negotiated bilateral apparel and textile agreements under the MFA were treated as "special cases", requiring "special treatment".

Imports Trebled

It is, therefore, not surprising that apparel imports trebled in these years.

Our government considered other "national needs" to be more important than maintaining a domestic industry and the work it provides for two million economic "third world" workers in the U. S. Nor was alternative employment dealt with seriously.

Severe cuts were also made in the nation's trade adjustment assistance programs, created to help workers and businesses injured by imports. These programs have been virtually eliminated.

EC Policies Differ

Unlike the U.S., other developed nations have interpreted the MFA provisions in their national interests, including those of their workers. It is instructive to contrast how the U. S. and the EC interpreted the same MFA.

MFA III, negotiated in 1981, went into effect on January 1, 1982. The EC made its acceptance of MFA III conditional upon its ability to negotiate satisfactory bilateral agreements with the nations from which it imported apparel and textiles.

During 1982, the EC negotiated agreements with major suppliers on a global basis. It rolled back imports from some of its major exporters. Only when it was satisfied that it had secured the kind of agreements needed to maintain its industry and its jobs did the EC formally accede to MFA III.

In the same years, the U. S. government used the very same MFA to give away more of the industry and its jobs. It is not accidental that at the start of the decade both the EC and the U. S. took in roughly equal shares of third world apparel exports, but by 1986 the U. S. received 60 percent of such imports while the EC imported about a fourth.

EC Opposes U. S.

The EC has strenuously opposed U. S. government proposals on textiles and apparel in Geneva. The EC views may be summarized as follows:

* Rejection of the U. S. global proposal, whether or not the EC was excluded from global coverage.

* The mechanism used to integrate MFA into the GATT should be the MFA itself, rather than use an untried and untested device, such as the U. S. global proposal.

* Insistence that GATT rules and disciplines must be strengthened and full market access provided to apparel and textile imports by current exporting nations before completion of a transition to a more liberalized GATT.

* Creation of check points and an enforcement mechanism during the transition to monitor strengthened GATT disciplines.

The EC has proposed what appears to be greater and perhaps speedier liberalization of apparel and textile trade than has the U. S. However, some of this is mitigated by the interim controls proposed by the Community.

Aside from MFA versus global, a major difference between the two proposals is monitoring a transition, based, apparently, on the EC's skepticism that exporting countries will really open their borders to imports The U. S. has not made a similar proposal nor, is there any evidence that the U. S. supports the EC proposal.

"White Man's Solution"

Whether the European Community is excluded from coverage by the U. S. in any mechanism decided upon may well be a crucial element in the negotiations. Through a "gentlemen's agreement" in the past, the Community and the U. S. have excluded each other from using MFA restraints. In fact, with the single exception of Japan, the U. S. has no bilateral apparel and textile agreement with any developed country.

With legislation imposing true global quotas having been passed by the Congress and awaiting a veto override vote, it would be extremely difficult for the U. S. government to publicly support exclusion of the EC. To do so would open the government to the charge it leveled against the first apparel/textile quota bill in 1985-1986.

At that time the government accused supporters of the bill of pushing a "white man's bill" because of the exclusion of a number of developed countries from global quotas. Similar exclusion of a developed nation, except perhaps Canada with which the U. S. has a free trade treaty, could lead to charges that the government was seeking a "white man's solution".

Will GATT Make It?

To reach an acceptable consensus on how to integrate apparel and textiles into the GATT, a major goal of U. S. trade policy, the U. S. must reach an understanding with both developed and developing nations.

It would be idle to speculate whether such agreement is possible by December, but it seems obvious that the Uruguay Round is in serious trouble. With just two-and-one-half months to go, as pointed out at the start of this analysis, there is no sign of agreement on any issue.

Along with apparel and textiles, the U. S. has made agreement on agriculture a major issue. At U. S. insistence, the Houston summit of major powers stated that there was full accord by world leaders on the need for an agreement on agriculture. But, as with textiles and apparel and other issues, there has been no movement at the GATT.

GATT and Congress

Last May we reported that the so-called "fast track", the procedure by which a GATT agreement would be ratified by the U. S. Congress, might be in jeopardy even if agreement is reached at the Brussels ministerial meeting in December.

We observed that the Congress can decide to amend the 1988 Trade Act and eliminate the "fast track" procedure. Growing dissatisfaction with the Uruguay Round and with the lack of success of the United States in any area of GATT negotiations increases that possibility.

There have also been reports that the U. S. may walk away from the GATT talks if our government negotiators do not gain objectives they deem to be most important. Whether this happens is, of course, speculative. The spreading of such rumors in administration circles, however, may not be entirely accidental.